

## Message Text

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22-11

ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 IO-10 ISO-00 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 SIL-01 DODE-00 PA-01

USIA-06 PRS-01 SP-02 OMB-01 AID-05 TRSE-00 /077 W

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P R 170910Z DEC 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 451

INFO AMEMBASSY BRUSSELS

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY NEW DELHI

/AMEMBASSY SEOUL 4491

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

USMISSION GENEVA

AMCONSUL MELBOURNE

C O N F I D E N T I A L MANILA 17655

E.O. 11652: GDS

TAGS: ELAB, RP

SUBJECT: PRESIDENT ISSUES PACKAGE OF BENEFITS TO LABOR

REFS: (A) MANILA 17510 (B) MANILA 15475

BEGIN SUMMARY: MARCOS ON DECEMBER 16 GAVE LABOR SHOWY  
PACKAGE OF BENEFITS. MOST DRAMATIC WAS EASING  
OF TOTAL STRIKE BAN INSTUTUTED BY EARLIER P.D. 823.  
TUCP OFFICERS CONTACTED HAVE BEEN UNIFORMLY PLEASED AND  
EXPRESSED OPINION THIS WAS AUSPICIOUS START FOR TUCP AND  
UNIFIED LABOR MOVEMENT. MARCOS CHRISTMAS GIFT TO LABOR  
HAS EFFECTIVELY COUNTERED MANYOF BAD FEELINGS GENERATED BY  
823, THUS TAKING HEAT OFF GOP FOR TIME BEING AT LEAST.  
TUCP HAS BEEN GIVEN UNEQUIVOCAL GOVERNMENT ENDORSEMENT AND  
STRONG SENDOFF. END SUMMARY.

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1. FRONT-PAGE HEADLINES DECEMBER 17 REPORTED PACKAGE OF

BENEFITS TO LABOR WHICH PRESIDENT MARCOS HANDED OUT DAY BEFORE IN EVENTFUL MEETING WITH NATION'S TOP TRADE UNION LEADERS. MARCOS HAD REMARKED THAT CHRISTMAS SEASON WAS OPPORTUNE TIME FOR SOCIETY TO SHOW ITS CONCERN FOR PLIGHT WORKING MASSES. GHRISTMAS GIFT--WITH DUE REGARD FOR PR CONSIDERATIONS -- WAS UNWRAPPED DURING INDUCTION CEREMONIES FOR RECENTLY ELECTED TUCP (TRADE UNION CONGRESS OF THE PHILIPPINES) OFFICERS (REF A), IN PRESENCE ICFTU PRESIDENT P.P. NARAYANAN AND NLRC COMMISSIONERS.

2. MOST DRAMATIC OFFERING WAS EASING OF TOTAL STRIKE BAN, WHICH TOGETHER WITH PROHIBITION FOREIGN AND NATIONAL ASSISTANCE TO TRADE UNION MOVEMENT (P.D. 823; SEE REF B AND SUBSEQUENT), HAD PROVOKED RASH OF PROTESTS FROM CHURCH ELEMENTS (INCLUDING MANILA'S ARCHBISHOP SIN), INTEGRATED BAR ASSOCIATION, AND OTHER PRESTIGIOUS GROUPS AND PERSONAGES. DECLARING THAT LABOR "HAS COME OF AGE", MARCOS SIGNED NEW DECREE (AMENDING 823) UNDER WHICH BAN ON STRIKES AND LOCKOUTS IN SO-CALLED VITAL INDUSTRIES REMAIN. UNIOS STILL CANNOT STRIKE AGAINST A) PUBLIC UTILITIES INVOLVING WATER, ELECTRICITY, TRANSPORTATION AND COMMUNICATION; B) MANUFACTURERS, PROCESSORS, AND DISTRIBUTORS OF FUEL AND LUBRICATING OIL; C) PRODUCERS AND PROCESSORS OF ESSENTIAL COMMODITIES OR PRODUCTS FOR EXPORT; D) BANKING INSTITUTIONS, AND E) HOSPITALS AND SCHOOLS. MARCOS ALSO IMPOSED THESE CONDITIONS FOR TOLERATION STRIKES AND LOCKOUTS: 1) IMPASSE MUST HAVE RESULTED FROM UNRESOLVED ECONOMIC DISPUTES OR COLLECTIVE BARGAINING DEADLOCKS, AND 2) 30-DAY COOLING-OFF CONCILIATION PERIOD MUST HAVE ELAPSED FROM NOTICE OF STRIKE OR LOCKOUT, AND PRESIDENT NOT HAVE CERTIFIED DISPUTE TO NLRC FOR ARBITRATION. DOL OFFICIALS WILL DEFINE TERMS OF NEW DECREE MORE SPECIFICALLY DURING DRAFTING OF IMPLEMENTING RULES AND REGULATIONS FOR NEW DECREE.

3. PACKAGE OF BENEFITS ALSO INCLUDED SEVERAL UNNUMBERED DECREES WHICH 1) ORDERED GENERAL SALARY INCREASE OF 5 TO 25 PERCENT FOR GOVERNMENT EMPLOYEES EFFECTIVE JANUARY 1, 1976; 2) GUARANTEED 13TH MONTH BONUS FOR ALL PRIVATE SECTOR WORKERS RECEIVING LESS THAN P1000 A MONTH, EFFECTIVE JANUARY 1, 1976; 3) GRANTED MANDATORY YEARLY FIVE-DAY SER-

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VICE INCENTIVE LEAVE WITH PAY TO EMPLOYEES WITH AT LEAST ONE YEAR SERVICE; AND 4) CREATED RURAL WORKERS OFFICE IN DOL. REFERRING TO 13TH MONTH PROVISION,MARCOS STATED IT WAS NECESSARY TO PROTECT LEVEL OF REAL WAGES OF PRIVATE WORKERS FROM HARMFUL EFFECTS OF INFLATION.

4. WITH RESPECT TO 823 PROHIBITION AGAINST ASSISTANCE TO TRADE UNION MEVEMENT, PRESIDENT CLARIFIED THAT ONLY

FOREIGN ORGANIZATIONS OR ENTITIES WOULD BE PROHIBITED FROM GIVING ANY FOREIGN AID TO LABOR WITHOUT PRIOR APPROVAL BY SECRETARY OF LABOR. MARCOS EMPOWERED LABOR SECRETARY OPLE TO LAY DOWN THE RULES AND REGULATIONS COVERING GIVING AND RECEIVING OF ANY FORM OF SUCH ASSISTANCE, INCLUDING REPORTING OF AMOUNTS AID RECEIVED, SPECIFIC RECIPIENTS, AND DURATION OF AID ACTIVITIES.

5. IN DECREE AMENDING P.D. 442 (LABOR CODE), MARCOS AMONG OTHER THINGS SET WORKER'S NORMAL WORKING HOURS AT 8, CLARIFIED TERMS OF PAYMENT FOR OVERTIME/NIGHTSHIFT/HOLIDAY DUTY, SET MINIMUM EMPLOYABLE AGE AT 15, AND DIRECTED WAGE COMMISSION CONDUCT WAGE STUDY IN VARIOUS AGRICULTURAL AND NON-AGRICULTURAL INDUSTRIES. THIS DECREE ALSO MADE MANDATORY THE REMITTANCE BY ALL FILIPINO WORKERS ABROAD OF A CERTAIN PORTION OF THEIR FOREIGN EXCHANGE EARNINGS. FULL TEXT OF ALL DECREES WILL BE AIR POUCHEDE.

6. LABATT HAD OPPORTUNITY DISCUSS PACKAGE OF BENEFITS DEC 16 WITH NUMBER TUCP OFFICERS WHO ATTENDED PRESIDENTIAL INDUCTION CEREMONIES. AS COULD BE EXPECTED, THEY WERE UNIFORMLY PLEASED AND EXPRESSED OPINION THIS WAS AUSPICIOUS START FOR TUCP AND UNIFIED LABOR MOVEMENT. THEY ALSO STRESSED FACT MARCOS HAD SPOKEN OF TUCP AS ONLY RECOGNIZED LABOR COALITION IN COUNTRY. TUCP SECRETARY GENERAL DEMOCRITIO MENDOZA PROVIDED SOME FURTHER FLAVOR DURING DEC 17 CONVERSATION WITH EMBASSY. MARCOS HAD MET PRIVATELY WITH NARAYANAN FOR THIRTY MINUTES PRIOR CEREMONIES AND, ACCORDING MENDOZA, EASING OF STRIKE BAN WOULD OBVIOUSLY BE WELCOMED BY INTERNATIONAL FREE LABOR MOVEMENT AS REPRESENTED BY ICFTU. MENDOZA NOTED THAT IN ADDITION RECOGNITION TUCP, MARCOS HAD TENDERED IT

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ANOTHER "GIFT" WHICH WAS NOT REPORTED IN PRESS:  
A LOT FOR CONSTRUCTION NEW LABOR HEADQUARTERS.

7. IN EMBASSY'S VIEW, MARCOS' CHRISTMAS GIFT TO LABOR EFFECTIVELY COUNTERED MANY OF BAD FEELINGS GENERATED BY 823, THUS TAKING HEAT OFF GOP FOR TIME BEING AT LEAST. IN ADDITION, TUCP HAS BEEN GIVEN UNEQUIVOCAL GOVERNMENTAL ENDORSEMENT AND STRONG SENDOFF.

8. ECONOMIC BENEFITS ARE MORE ILLUSORY THAN REAL. ALTHOUGH GOVERNMENT WORKERS WILL HAVE REASON TO BE PLEASED, PROPOSED SALARY INCREASE SHOULD BE SEEN AGAINST WORLD BANK ESTIMATE THAT REAL WAGES IN PHILIPPINES DROPPED BY 20 PERCENT DURING 1974, STEEPENING DECLINE IN WAGES THAT HAS ALREADY SIGNIFICANTLY AND STEADILY REDUCED WORKER'S

BUYING POWER OVER LAST FEW YEARS. THIRTEENTH MONTH BONUS WILL BE WELCOME TO THOSE IN PRIVATE SECTOR NOT ALREADY COVERED, BUT BONUS PAYING HAS BEEN STANDARD PROCEDURE FOR MOST MANILA-BASED COMPANIES. BENEFITS WILL COME ONLY IF GOVERNMENT ENFORCES PROVISION WITH SMALLER COMPANIES IN AND OUTSIDE MANILA. GIVEN RUMORS THAT HAVE BEEN CIRCULATING OF IMPENDING YEAR END DEVALUATION, IT IS POSSIBLE MARCOS ANNOUNCED "BENEFITS" TO HELP SOFTEN BLOW OF ANOTHER DEVALUATION. SULLIVAN

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